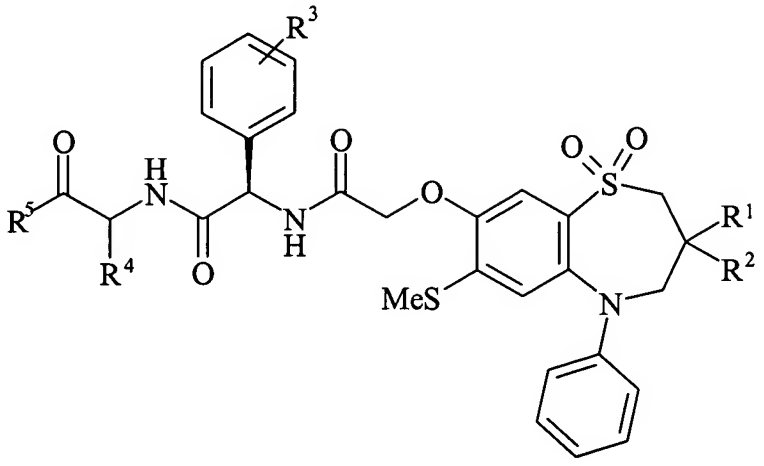
IN THE CLAIMS:

Claim 1 (**currently amended**): A compound of formula (**I**):



(I)

wherein:

R^1 and **R**^{2} are both butyl ~~independently selected from C_{1-4}alkyl~~;

R^3 is hydrogen, hydroxy or halo;

R^4 is C_{1-4}alkyl optionally substituted by hydroxy, methoxy and methylS(O)a wherein a is 0-2

R^5 is hydroxy or HOC(O)CH(R^6)NH-;

R^6 is selected from hydrogen and C_{1-3}alkyl optionally substituted by hydroxy, methoxy and methylS(O)$_a$ wherein a is 0-2;

or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof;

with the proviso that when R^1 and R^2 are both butyl, R^5 is hydroxy and R^4 is methylthiomethyl, methylsulphinylmethyl, 2-methylthioethyl, hydroxymethyl, methoxymethyl; R^3 is not hydrogen; and with the proviso that when R^1 and R^2 are both butyl, R^5 is HOC(O)CH(R^6)NH-, R^6 is hydroxymethyl and R^4 is hydroxymethyl; R^3 is not hydrogen.

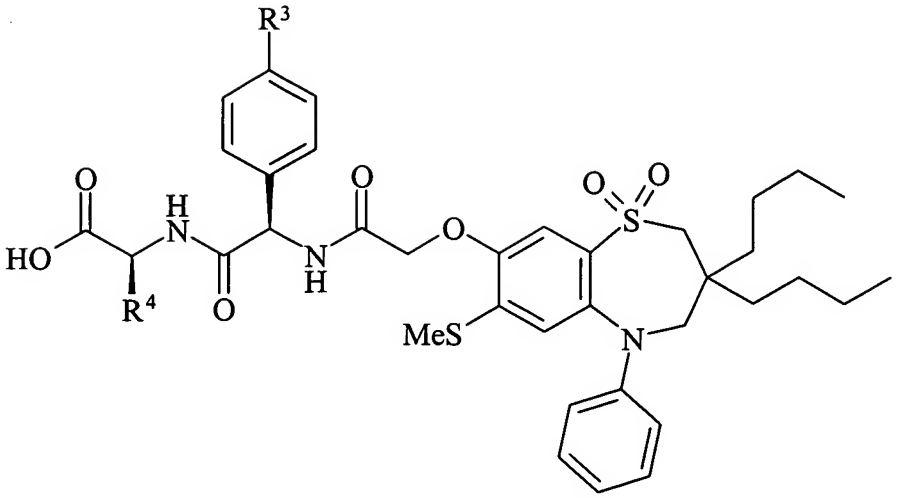
Claims 2-3 (**cancelled**).

Claim 4 (**currently amended**): A compound of formula **(I)** according to claim 1 ~~any one of claims 1 to 3~~ wherein R^3 is hydrogen or hydroxy; or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof.

Claim 5 (**currently amended**): A compound of formula **(I)** according to claim 1 ~~any one of claims 1 to 4~~ wherein R^4 is selected from methyl and ethyl; or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof.

Claim 6 (**currently amended**): A compound of formula **(I)** according to claim 1 ~~any one of claims 1 to 5~~ wherein R^5 is hydroxy; or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof.

Claim 7 (**currently amended**): A compound of formula **(I')**:



(I')

wherein:

R^4 is selected from C_{1-4}alkyl, hydroxymethyl, 1-hydroxyethyl, methoxymethyl, methylthiomethyl, methylsulphinylmethyl, mesylmethyl, 2-methylthioethyl, 2-methylsulphinylethyl and 2-mesylethyl and R^3 is hydroxy; or

R^4 is selected from C_{1-4}alkyl, 1-hydroxyethyl, mesylmethyl, 2-methylsulphinylethyl and 2-mesylethyl and R^3 is hydrogen;

or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof.

Claim 8 (**currently amended**): A compound of formula **(I)** as claimed in claim 1 selected from:

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxyethyl) carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxypropyl) carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxybutyl) carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-

methylpropyl)carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-methylbutyl)carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-3-methylbutyl)carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-hydroxypropyl)carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-mesylethyl)carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

~~1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-3-methylsulphonylpropyl)carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;~~

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-3-mesylpropyl)carbamoyl]benzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxyethyl) carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxypropyl) carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxybutyl) carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-methylpropyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-methylbutyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-3-methylbutyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-hydroxyethyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-hydroxypropyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-methylthioethyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-methylsulphinylethyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-mesylethyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-2-methoxyethyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-3-methylthiopropyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-

1,5-benzothiazepine;

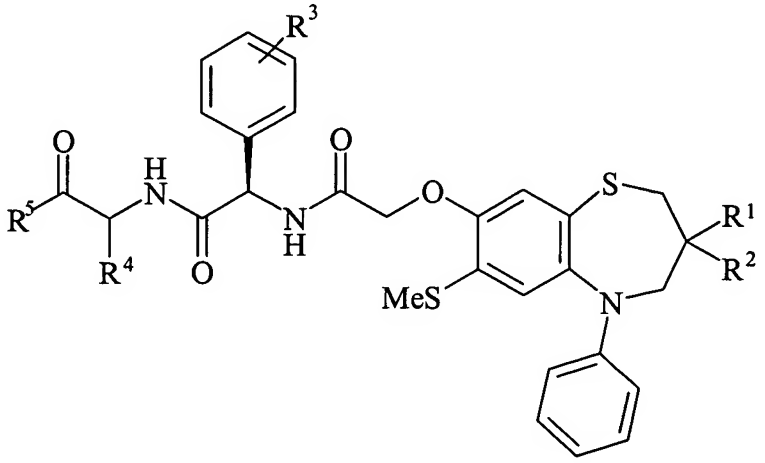
1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-3-methylsulphinylpropyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

1,1-dioxo-3,3-dibutyl-5-phenyl-7-methylthio-8-(*N*-{(*R*)-α-[*N'*-((*S*)-1-carboxy-3-mesylpropyl)carbamoyl]-4-hydroxybenzyl}carbamoylmethoxy)-2,3,4,5-tetrahydro-1,5-benzothiazepine;

or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof.

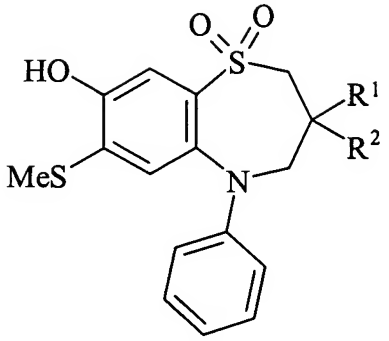
Claim 9 (**currently amended**): A process for preparing a compound of formula **(I)** as claimed in claim 1 or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof which process (wherein variable groups are, unless otherwise specified, as defined in formula **(I)**) comprises of:

Process 1): oxidising a benzothiazepine of formula **(II)**:



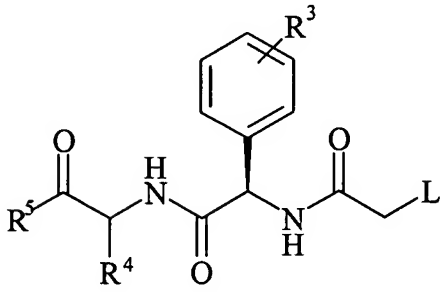
(II);

Process 2): reacting a compound of formula **(III)**:



(III)

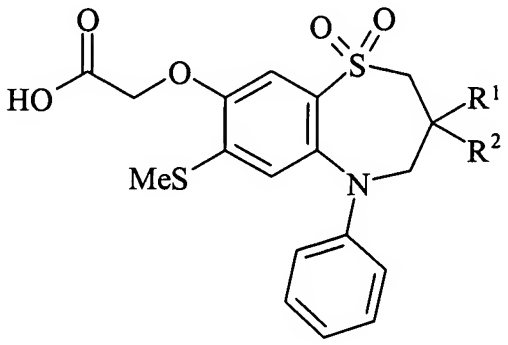
with a compound of formula **(IV)**:



(IV)

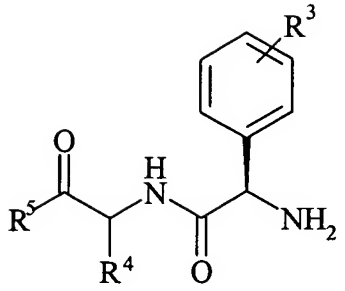
wherein L is a displaceable group;

Process 3): reacting an acid of formula **(V)**:



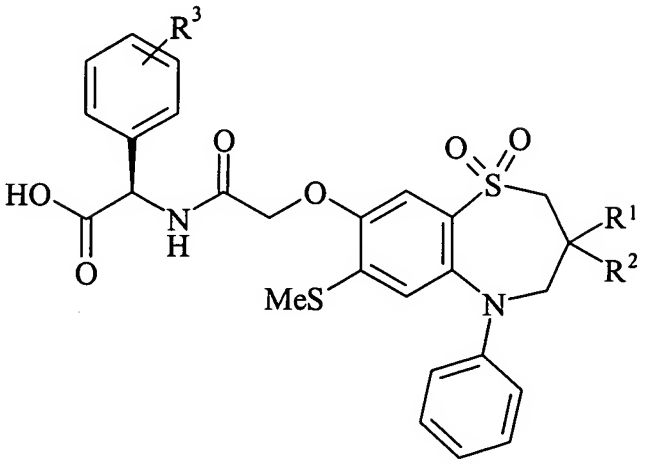
(V)

or an activated derivative thereof; with an amine of formula **(VI)**:



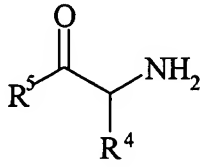
(VI);

Process 4): reacting an acid of formula **(VII)**:



(VII)

or an activated derivative thereof; with an amine of formula **(VIII)**:



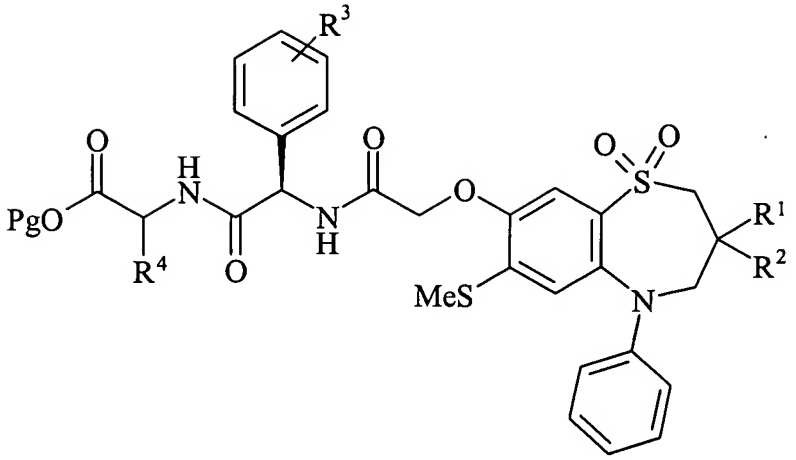
(VIII)

Process 5): for compounds of formula **(I)** wherein R^5 is $HOC(O)CH(R^6)NH$-; reacting a compound of formula **(I)** wherein R^5 is hydroxy with an amine of formula **(IX)**:

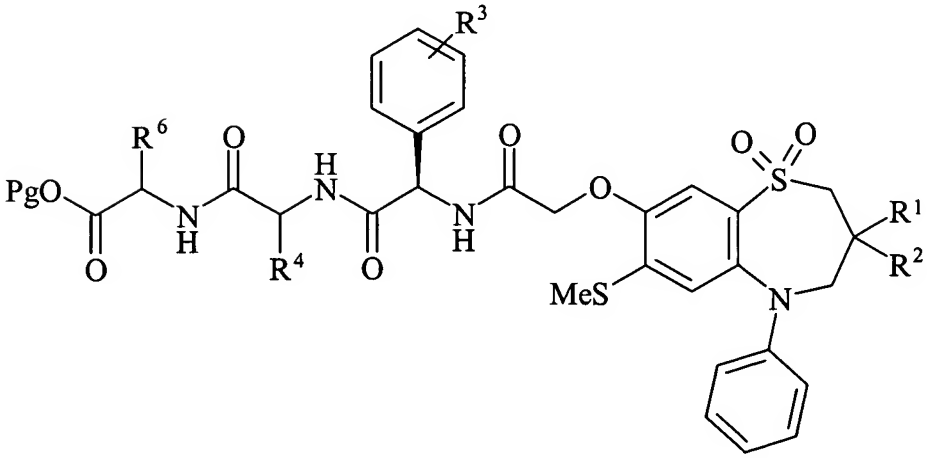
$$HOC(O)CH(R^6)NH_2$$

(IX)

Process 6): deprotecting a compound of formula **(X)** or a compound of formula **(XI)**:



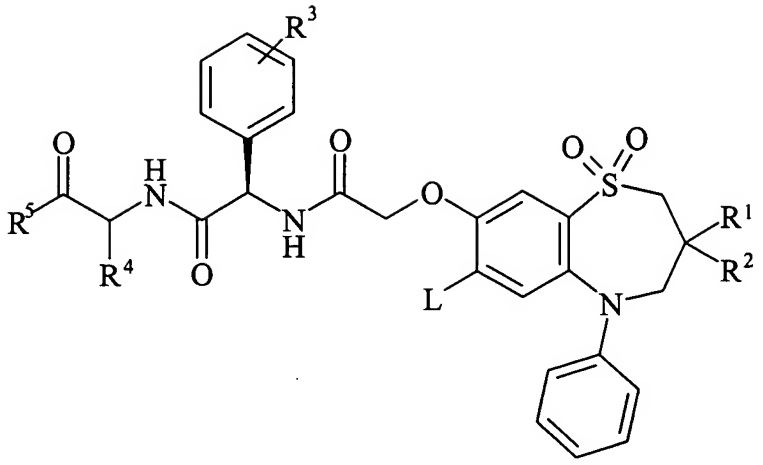
(X)



(XI)

wherein Pg is an acid protecting group;

Process 7) reacting a compound of formula **(XII)**:



(XII)

wherein L is a displaceable group; with methylthiol;

and thereafter optionally ~~if necessary or desirable~~:

i) converting a compound of the formula **(I)** into another compound of the formula **(I)**;

ii) removing any protecting groups;

iii) forming a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof.

Claims 10-12 (**cancelled**).

Claim 13 (**currently amended**): A method for ~~producing an~~ inhibiting IBAT ~~inhibitory effect~~ in a warm-blooded animal~~, such as man,~~ in need thereof ~~of such treatment~~ which comprises administering to said animal an effective amount of a compound of formula **(I)** or formula **(I')**, or a pharmaceutically acceptable salt, solvate~~,~~ or solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof, as claimed in any one of claims 1 or 4 to 8.

Claim 14 (**currently amended**): A pharmaceutical composition which comprises a compound of formula **(I)** or formula **(I')**, or a pharmaceutically acceptable salt, solvate~~,~~ or

solvate of such a salt ~~or a prodrug~~, or an *in vivo* hydrolysable ester formed on an available carboxy or hydroxy thereof, or an *in vivo* hydrolysable amide formed on an available carboxy thereof, as claimed in any one of claims 1 or 4 to 8, in association with a pharmaceutically-acceptable diluent or carrier.

Claims 15-21 (**cancelled**).